GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1572
ANSWERED ON:01.12.2006
DABBA TRADING
Kaushal Shri Raghuvir Singh

Will the Minister of FINANCE be pleased to state:

(a) whether the Government/ SEB1 is aware of the working of dabba trading in the stock exchange;

(b) if so, the details thereof;

(c) whether this has spread to 30- 40 percent of the total trade;

(d) the details of large scale tax evasion taking place through dabba trading;

(e) whether speculators have also spread to local exchanges in the smaller cities;

(f) if so, the details thereof;

(g) whether the Government propose to take some measures to check this illegal trading; and . ,

(h) if so, the details thereof?

Answer

MINISTER OF THE STATE IN MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (f): Dabba trading refers to illegal trading in securities i.e. trading in contravention of the Securities Contracts (Regulation) Act, 1956. No statistics are maintained in respect of such illegal trading.

(g) & (h): The Union Finance Minister, vide his letter dated October 24, 2005, had urged the Chief Ministers to take urgent steps to stamp out `dabba trading`. SEBI has also written similar letters to the Chief Ministers requesting them to take urgent action in the matter. Pursuant to recent news reports regarding dabba trading in Gujarat, SEBI has written to the Chief Secretary, Gujarat urging the State Government to immediately take all necessary steps to effectively deal with such trading.